

Auditor's Summary

Audit of the Comprehensive Annual Financial Report of the State of Hawai'i

Financial Statements, Fiscal Year Ended June 30, 2016



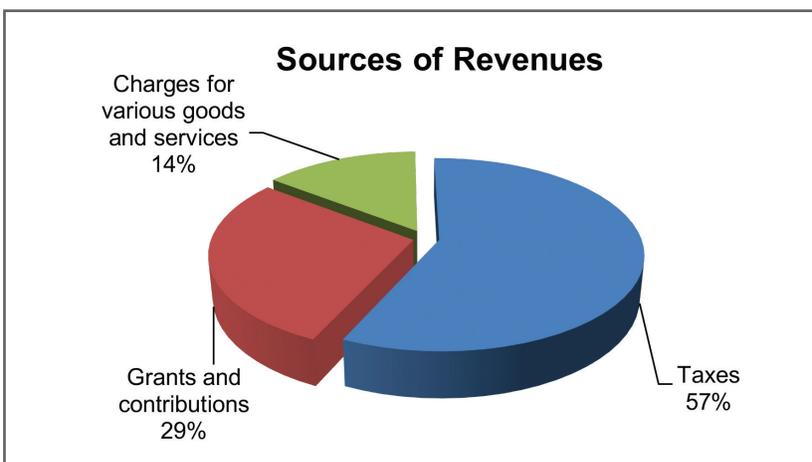
THE PRIMARY PURPOSE of our audit was to form an opinion on the fairness of the presentation of the State of Hawai'i's financial statements, as presented in the Comprehensive Annual Financial Report (CAFR) for the State of Hawai'i as of and for the fiscal year ended June 30, 2016. The audit was conducted by Accuity LLP and the CAFR was issued on December 30, 2016.

About the State

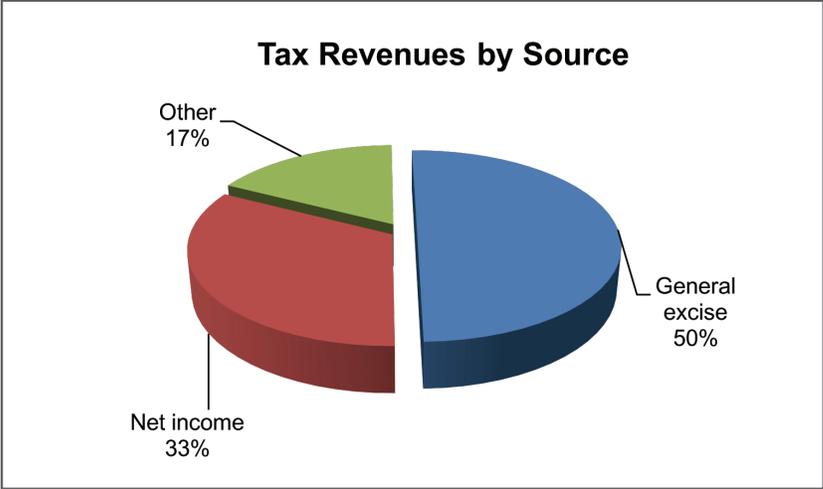
THE STATE provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports, and harbors), health, hospitals, public safety, housing, culture and recreation, economic development, and conservation of natural resources.

Financial Highlights

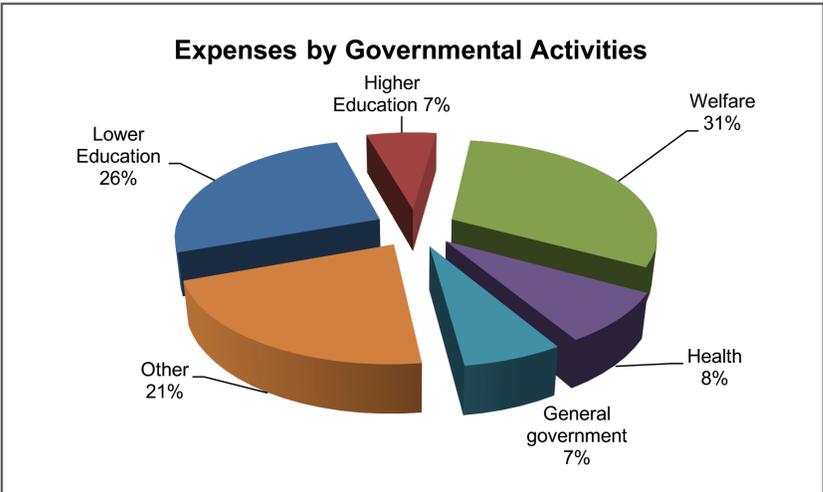
FOR THE FISCAL YEAR ended June 30, 2016, total revenues were \$11.2 billion and total expenses were \$10.7 billion, resulting in an increase in net assets of \$500 million. Approximately 57 percent of the State's total revenues came from taxes of \$6.4 billion, 29 percent from grants and contributions of \$3.2 billion, and 14 percent from charges for various goods and services of \$1.6 billion.



Total tax revenues of \$6.4 billion consisted of general excise taxes of \$3.2 billion, net income taxes of \$2.1 billion, and other taxes of \$1.1 billion.



The largest expenses were for welfare at \$3.3 billion, lower education at \$2.8 billion, health at \$900 million, higher education at \$700 million, and general government at \$700 million.



As of June 30, 2016, total assets of the State exceeded total liabilities, resulting in a net position of nearly \$1.4 billion. Of this amount, \$4.6 billion was for the State’s net investment in capital assets, \$2.9 billion was restricted by parties outside of the State (such as citizens, public interest groups, or the judiciary), and a negative \$6.1 billion in unrestricted assets.

Total assets of approximately \$21.2 billion included net capital assets of \$12.5 billion, investments of \$3 billion, cash of \$2.2 billion, receivables of \$1.3 billion, restricted assets of \$1 billion, and other assets of \$1.2 billion. Total liabilities of approximately \$19.8 billion included general obligation and revenue bonds payable of \$9 billion, vacation and retirement benefits of \$8.4 billion, and other liabilities of \$2.4 billion.

Auditors’ Opinion

THE STATE RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

For the complete report and financial statements visit our website at

http://files.hawaii.gov/auditor/Reports/2016_Audit/CAFR2016.pdf